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Department of Health and Mental Hygiene

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**Health Services Cost Review Commission**

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June 13, 2016

Maureen Carr-York, Commissioner  
Maryland Health Care Commission  
4160 Patterson Avenue  
Baltimore, Maryland 21215

Re: CON Application – Baltimore Nursing and Rehabilitation Center d/b/a Restore Health

Dear Commissioner Carr-York,

I apologize for not getting back to you sooner on the questions you posed to me by letter of April 4. The exigencies associated with moving the Model forward during this period of time along with the development of an Update Factor for FY 2017 occupied the vast majority of my time.

You asked the following:

(1) The likelihood that CMS will waive its three-day hospitalization rule for the Maryland Demonstration Model and the likelihood that direct admits, admissions following hospitalizations of less than three days, and bundled payment program with these features are likely to become added Medicare benefits in Maryland, and, if so the expected timing of such changes;

(2) Does HSCRC have knowledge of hospitals having difficulty in finding CCFs in Baltimore City that are willing and able to admit patients with “special needs” such as ventilator patients, dialysis patients, or bariatric patients; and

(3) HSCRC’s opinion regarding the circumstances or prerequisites, if any, that are needed in order for CMS’ waiver of its three-day hospital stay rule to improve quality and lower the cost of health care in Maryland, thereby benefiting patients and the health care system.

Maureen Carr-York, Commissioner  
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The HSCRC does not currently know if a waiver of the three-day hospitalization rule for Maryland is something that may be implemented by CMS under payment reform. Further, we believe it is premature to predict if this will occur and under what time frame. Additionally, the HSCRC is not aware of hospitals having difficulty in finding CCFs in Baltimore City that are willing and able to admit the patients you reference. Finally, CMS' focus on the Model here in Maryland will be shifting to Total Cost of Care, including the development of metrics on not just cost but outcomes as well. We anticipate that the precise measures to be utilized will be the subject of future discussions. As a general matter, the HSCRC must always be cognizant of the "net gain" associated with lower hospital stays versus longer nursing home stays.

I regret that I am unable to be more definitive in my response; however, we are not in a position where we can fairly predict Medicare's future initiatives in the name of payment reform, and to what extent those initiatives will harmonize with the Maryland Model. We, of course, look forward to working together with MHCC so that we can achieve our goals of lowering cost and improving quality, thereby benefiting patients and the Maryland health care system.

Sincerely,

A handwritten signature in cursive script, appearing to read "Donna Kinzer".

Donna Kinzer  
Executive Director, HSCRC